Health PEI Annual Report 2010-11

Health PEI

ONE ISLAND FUTURE ONE ISLAND HEALTH SYSTEM

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Chair's Message

The Board of Health PEI embarked upon its inaugural year in 2010-11 with the launch of Health PEI, the appointment of the first governing board, and the first board public engagement process – the Health PEI Expo's were initiated, and our first audited set of financial statements were prepared. As one of the final duties in this year of firsts for Health PEI, it is my pleasure, as Chair of the Board of Directors, to provide you with this, the first Health PEI Annual Report.

Quality, Accountability for Results and Engagement are three priorities for the Board of Health PEI. For our first year as a board, our energies were focused on establishing the processes to address these priorities. As a result, we now have such foundational elements as a public engagement strategy, a compliance and monitoring framework, Quality and Patient Safety oversight processes, and a Board Policy Manual.

I am especially pleased with strides our board has taken in relation to its quality and patient safety role. In addition to routinely monitoring quality and safety indicators and sentinel events, the Board Quality and Safety Committee established a series of on-site Quality and Safety Walking Tours and Tracers.

With much of our foundational work now in place, I am really looking forward to the coming year. Engagement with staff, the public, and our many stakeholders will be a priority for the coming year. Additionally, people can expect more information about the Board's work as we begin to regularly publish Board meeting proceedings, as well as other materials.

Respectfully Submitted,

Leo Steven
Chair, Health PEI Board

CEO's Message

As the organization responsible for delivering the majority of health services to over 140,000 Islanders, our staff and physicians are committed to timely access to quality health care.

Our commitment to excellence is reflected in the PEI Health System Strategic Plan 2009-2012. Through the vision embodied in this strategic plan – One Island Health System – our efforts have been focused on the creation of a fully integrated provincial health care system and structure that increases access to quality health care for all Islanders. Health PEI has accepted the commitment, challenges and responsibility this entails.

Over the past year, Health PEI has addressed many different challenges and has achieved many accomplishments. Through investments in primary health care and home care we have seen improvements in emergency department and surgical wait times and enabled seniors to stay in their homes longer. In the following pages you will learn how our collaborative efforts have led to significant improvements in patient care, access to services, and a positive workplace for our staff and physicians. With the establishment of a performance measurement framework we are able to track our progress on these and other results. While great strides have been made, we recognize there is still much work to be done and our efforts over the next year will be focused on continuing to improve your access to quality services.

In the coming year we will be seeking your input into the delivery of your care. I am pleased with the progress made in the past year and I look forward to meeting future challenges as we work together to ensure a sustainable health care system that meets the needs of Island citizens.

Respectfully submitted,

Keith Dewar
CEO, Health PEI

Health PEI Board

Health PEI is governed by a Board of Directors. The Board of Health PEI is a competency based board whose members are appointed by the Minister of Health and Wellness.

BOARD MEMBERSHIP

Officers:

- Leo Steven, Chair
- Gordon MacKay, Vice Chair

Members:

- Dr. Marvin Clark, MD
- Kenneth Ezeard, CA
- Phyllis Horne
- Amie Swallow MacDonald
- Geraldine MacKendrick
- Denis Marantz
- Dr. Donna Murnaghan, PhD
- James T. Revell, LLB
- Dr. Kinsey Smith, MD

BOARD ROLE AND RESPONSIBILITIES

The role of the Board is to control and manage the affairs of Health PEI.
Principle responsibilities include:

- Employing the Chief Executive Officer
- Setting the strategic direction of Health PEI, in line with the priorities of government
- Establishing policies which specify executive / organizational expectations, governance processes, board-management delegation
- Monitoring executive / organizational performance in relation to achievement of the strategic direction and compliance with Board policies
- Monitoring the budget and ensuring required financial and other reporting requirements are met

- Monitoring the principle risks of the organization and the policies in place to manage those risks
- Monitoring organizational quality and safety processes
- Approval of medical staff by-laws and execution of Board related duties outlined therein
- Providing a framework for public and stakeholder engagement
- Providing to the Minister plans and reports in line with policy and accountability requirements
- Organizing committees, activities, and general processes through which to conduct its business

BOARD ACTIVITIES

The Health PEI Board of Directors assumed its official governance responsibilities at its first meeting on July 6, 2010. The Board as a whole met monthly at locations throughout the province, while committees and task groups met regularly between Board meetings.

Quality and safety, accountability, and public engagement were three priorities of the Board. During its first year energies were focused on establishing and implementing good processes to address these priorities. The following groups led work to address these areas:

- Quality and Safety Committee
- Compliance and Monitoring Committee
- Public Engagement Committee
- Policy Committee

QUALITY AND SAFETY COMMITTEE

Membership: Dr. D. Murnahagn (Chair), K. Ezeard, and Dr. M. Clark.

Highlights:

- Processes for regular monitoring of quality and safety indicators and sentinel events were established and monitoring reports received;
- "Quality Walking Tours" and "Tracer Rounds" established.

COMPLIANCE AND MONITORING COMMITTEE

Membership: G. MacKay (Chair), K. Ezeard, J. Revell.

Highlights:

- Processes for monitoring organizational performance and compliance with Board policies were defined and implemented.
- The Committee received regular performance updates and reports, including budget forecast and key performance indicator reports. Additionally, the Committee worked with the auditor in the preparation of the first year's audited financial statements.

PUBLIC ENGAGEMENT COMMITTEE

Membership: Dr. K. Smith (Chair), P. Horne, G. MacKendrick, D. Marantz.

Highlights:

- The Public Engagement Strategy of the Board outlining goals and approaches to Improving connection to and communication with the public, partners, stakeholders, and staff was developed.
- Health Expos were held in Mill River, Summerside, Charlottetown and Montague.

POLICY TASK GROUP

Membership: K. Ezeard (Chair), J. Revell, A. Swallow MacDonald.

Highlights:

- The Committee prepared the first Board Policy Manual. These policies are an important tool which the Board will use to do its work. They provide strategic and broad operational direction to the organization, guide how the Board will conduct its own business, and outline how the Board will delegate its authority.

MANDATE

Health PEI is a Crown Corporation responsible for the operational administration of publicly funded health services for PEI. The Health PEI Board governs operations, ensuring that approved programs are delivered in accordance with the direction from the Minister of Health and Wellness.

ORGANIZATIONAL STRUCTURE

In response to our public's needs, a changing population demographic, and health resource capacity, the previous health system was reviewed and a new vision was established. To support the achievement of this One Island Health System vision, PEI's health system administrative and regulatory structures were re-organized. The new administrative structure was designed to improve integration of services, ensure consistent standards, and improve access to services from Souris to Tignish. Improvements to date with this provincial approach include, but are not limited to, improved access to services (e.g., Primary Health Care Networks) and standardization and uniformity (e.g., a provincial medical structure that supports a uniform approach to care delivery across the Island).

Health PEI's organizational structure is arranged into divisions that deliver services to Islanders (Frontline Services) and divisions that support the system (System Supports). Appendix 1 outlines this organizational structure and its relation to the Board and the Department of Health and Wellness.

FRONTLINE SERVICES

- Community Hospitals and Primary Health Care
- Home-based and Long-term Care
- Prince County Hospital
- Queen Elizabeth Hospital
- Provincial Clinical Services

Examples of services provided to Islanders by the frontline divisions include:

Diabetes Programs	Mental Health & Addiction Services
Cancer Screening	Diagnostic Imaging & Lab Services
Hospital Services	Pharmacy & Pharmacare Program
Public Health	Home Care & Support
Family Health Centres	Provincial Homes & Manors
Primary Health Care	Emergency Services

SYSTEM SUPPORTS

- Corporate Development and Innovation
- Financial Services
- Health Information Management
- Medical Affairs

Examples of support services include:

Human Resources	Health Information
Project Management, Planning & Evaluation	Support for Medical Staff
Patient Safety	Medicare
French Language Services	Quality & Risk
Financial Planning	

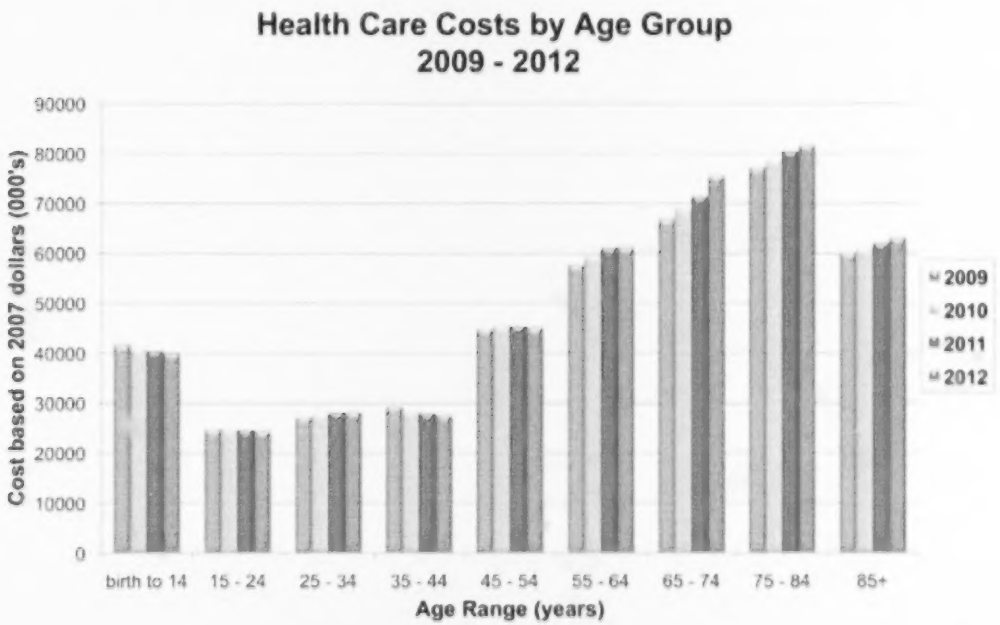
Each division is led by a member of the Executive Leadership Team, which reports to the Chief Executive Officer (CEO). The CEO reports to Health PEI's Board of Directors.

Island Population

Health PEI serves a diverse and changing population. PEI currently has the largest rate of growth in the four Atlantic Provinces with an overall trend of an aging population with diverse health needs[i]. For common conditions such as high blood pressure, arthritis, diabetes and obesity, PEI rates are higher than the national average, often ranking in the top four provinces and territories for the country[ii].

The graph below demonstrates the average cost of health care services for different age groups on PEI. As expected, the largest costs are observed in the 45 and over age groups. The chart also shows that costs are increasing each year. Based on 2010 forecasts from the Canadian Institute for Health Information (CIHI), PEI ranks 2nd highest in Canada for estimated costs per person for health care services[iii]. As in other areas, there is a trend in PEI towards an aging population. This trend along with the increases in chronic health condition rates, new drugs, new technologies, and demands for health services has led to increasing health care costs.

Average Cost of Health Care Services by Age Range



A GLANCE AT THE PUBLIC WE SERVE[IV]:

- Estimated 2010 PEI Population: 142, 226
- 49% Male and 51% Female
- Based on the 2006 census:
  - 125,265 indicated English as their first language
  - 5,345 indicated French as their first language
  - 1,730 identified as First Nations
- Number of new immigrants to Canada settled in PEI: 1,714
- Approximate number of births per year: 1,397

A GLANCE AT THE HEALTH STATUS OF ISLANDERS[V]:

- More Islanders are likely to self-report[VI] as obese than the Canadian average
- PEI and Canada have similar rates of children and young adults who report being either overweight or obese
- 4th highest self-reported rate of diabetes
- 4th highest self-reported rate of arthritis
- 4th highest self-reported rate of high blood pressure
- 10th highest self-reported rate of smoking
- 2nd highest incidence[VII] of heart attacks (age standardized, per 100,000)
- 5th highest incidence of hospitalized stroke events (age standardized, per 100,000)
- Cancer Rates (age standardized, per 100,000 – Male 543 (highest in Canada); Female 396 (tied for highest in Canada)

Health PEI's Strategic Direction

Increased access to quality health care services for Islanders is the foundation of Health PEI's mandate, which is articulated in the vision One Island Health System. To achieve this, Health PEI focused on four goals – Quality, Equity, Efficiency and Sustainability – to guide the strategic direction of the system and ensure, among other things, a streamlined provincial system with a single set of standards and single points of access to specialized services. These goals are connected and, in reality, do not stand alone as four independent silos. Rather, they are interconnected and it is through the application and connectedness of these goals that Health PEI is achieving its vision. The goals for Health PEI are defined as follows:

- **Quality:** The health system must have the capacity to provide safe, dependable, and quality care that promotes the best possible health outcomes.
- **Equity:** Fair distribution and timely access to services based on need must be provided to ensure that Islanders get the services they need, and need the services they get.
- **Efficiency:** Health care resources and information must be used as efficiently as possible to ensure value for money and to make best use of workforce skills.
- **Sustainability:** The health system must be stable and able to meet the needs of current and future generations. Health PEI will work to support a safe and healthy workforce and ensure sustainable health care costs.

Health PEI's strategic goals and objectives are monitored and assessed regularly through the use of performance measures. These measures help to evaluate the progress of HPEI toward achieving its long term goals and objectives, and fulfilling its vision. A representation of overall system performance is presented in the collection of system performance measures called Key Performance Indicators (KPIs). In health care organizations, performance assessment is especially critical to ensure continued improvements within the system and also the development of best practices that can lead to improved outcomes for patient[1] care. It should be noted that while the KPIs selected for tracking Health PEI's performance were the best available at the time, they will be refined over time to ensure that they continue to reflect our strategic direction and meet national reporting requirements.

A review of these KPIs (refer to Appendix 2) shows that overall Health PEI is doing well working towards its goals. We have seen improved quality in unplanned readmissions, patient safety and satisfaction with services. While on-going work is required to maintain these gains, particular focus on system approaches for Ambulatory Care Sensitive Conditions (ACSCs) will be required as neither improvements nor targets for 2010/11 were met.

[1] Throughout this report references to the term patient also includes clients and residents.

The 2010-11 year was filled with challenges as Health PEI worked to build a new foundation for health care in PEI in order to improve the overall quality of care. In addition to provincial pressures, the current social and economic climate poses many challenges to health systems locally and nationally. These pressures directly impact performance in key areas.

The following pages highlight some the accomplishments and progress that Health PEI has made in realizing its vision. They also demonstrate the commitment and ongoing efforts by staff and physicians to ensure that we provide the care that is needed to those we serve.

2010-11 In Brief

INCREASED ACCESS TO PRIMARY CARE

In most cases, primary care is the first point of contact between Islanders and their health care system. By helping people develop and maintain good health behaviours and manage chronic illness, we can reduce emergency department visits and hospitalizations.

Refer to **www.healthpei.ca/primaryhealthcarerenewal** for more information.

- Five Primary Health Care Networks (West Prince, East Prince, Queens West, Queens East and Kings) are under development across the province. They use teams of professionals, including physicians and nurse practitioners, to work toward a goal of ensuring all Islanders are within 30 km of a primary health care site.

- The Tyne Valley Health Centre opened in 2009 and the O'Leary Health Centre opened in 2010, bringing West Prince residents more access than ever to primary care services, such as: diabetes education and nutrition counseling; public health nursing; mental health care; chronic disease management; and well-women's care.

- In an effort to increase awareness of risk factors related to chronic diseases such as heart disease, stroke, diabetes, chronic obstructive pulmonary disease and some cancers, Health PEI created an information booklet, Passport to Health, which was distributed across the Island. This booklet is a useful tool for the all Islanders to track their personal health information such as blood pressure and cholesterol levels.

WAIT TIMES FOR MOST PROCEDURES & DIAGNOSTIC TESTS HAVE DECREASED

- Prince Edward Island has shown a downward trend in wait times for most nationally measured procedures. Health PEI is a leader in Atlantic Canada in reducing wait times for cataract surgeries, radiation therapy, breast cancer screening, hip replacements, MRI (Magnetic Resonance Imaging) and CT (Computed Tomography) scans.

Refer to **http://www.healthpei.ca/waittimes** for more information.

• In addition to the key wait times mentioned above, Health PEI has also reduced the patient's wait time for key diagnostic tests such as Nuclear Medicine, barium enemas, and screening mammography. To increase Islander's timely access to necessary diagnostic tests, a provincial system to schedule Diagnostic Imaging (DI) examinations was devised, and as a result of this process, patients across the Island are offered the first available appointment independent of site location.

HOME CARE SERVICES HAVE IMPROVED

• Licensed Practical Nurses have been introduced, 37.5 staff positions have been added and evening and weekend services expanded to better allow Islanders to receive health care in the comfort of their own homes when safe and appropriate.

Refer to **www.healthpei.ca/homecare** for more information.

• A standardized intake process with a single point of contact for each home care site for new clients to the Home Care Program was introduced in 2010 with Summerside serving as a pilot site. All referrals for a new service at each site are now directed through the intake role where the potential clients' eligibility, needs and urgency are determined. This has meant that clients have one person to talk to as they are entering the program and that necessary services are identified more quickly and more consistently.

• The Two Weeks Post-Acute Supplies Project was initiated in 2010 to provide necessary medical supplies to clients discharged from hospital who will be receiving Home Care Nursing services. The project was implemented province-wide in all acute hospitals. The purpose of this initiative was to remove a potential barrier to discharging a patient from hospital and to ensure a smooth transition to the home. On average, 16 patients per month received the two weeks' worth of supplies. The evaluation of the project noted that the system had successfully ensured that those in need received supplies.

• The Enterostomal Therapy Nurse (Wound Care) Project in Kings County created a specialized nursing service and consultative support to health professionals. The ET nurse provides direct care to clients through advanced clinical knowledge and expertise, and also provides consultation, leadership and education to other health professionals who are caring for clients with challenging wound, ostomy and continence care needs. Wound care is an expensive service for health care organizations.

IMPROVED PATIENT CARE AND SAFETY

- Health PEI is recognized as a national leader in implementing electronic health records provincially, which integrate patients' information into an electronic "chart" that follows them to any health care provider they choose. Making this information more available to providers streamlines their work flow and increases the safety of every Islander who accesses the health system.

- Health PEI developed a personal medication list resource to assist patients in keeping track of their medications. Taking the wrong medication or the wrong dose can be very harmful so having an up-to-date list is important. The personal medication list resource is available to download and print on the Health PEI website at **http://www.healthpei.ca/patientsafety**.

- Various programs and services across Health PEI have developed patient safety brochures to summarize how patients can be active participants in their health. Specific information about the program or service they are visiting may be included as well.

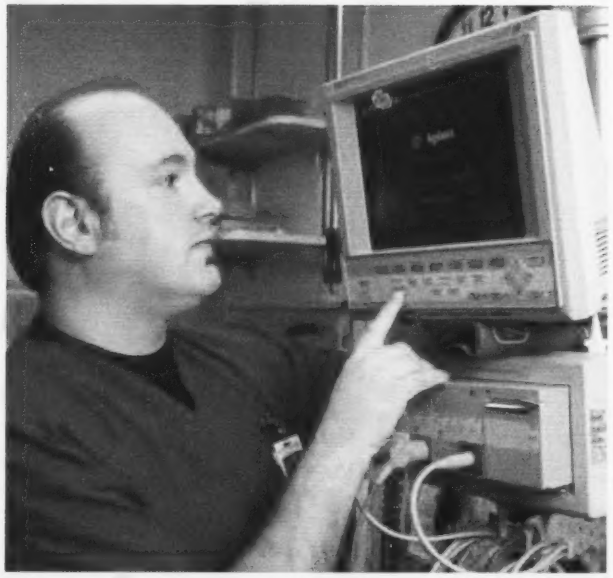
IMPROVEMENTS TO LONG-TERM CARE SERVICES

- The new Colville (Souris) and Maplewood (Alberton) manors will be ready for occupancy in fall 2011, and construction is underway on the new Summerset Manor (Summerside) and Prince Edward Home (Charlottetown). Also, an additional 15 beds are being added to a wing of the Margaret Stewart Ellis Home (O'Leary), bringing the total number of beds to 40 by spring 2012.

For more information refer to **www.healthpei.ca/longtermcare**.

- Recent improvements to patient-flow processes have allowed more patients to be moved more quickly from acute care beds to long-term care facilities. For example, there was a 10 percent decrease in the number of patients waiting for long-term care between January and May, 2011.

- The values of person-centred care is reflected in a new Moving In Standard for provincial long-term care residents. This standard was established to ensure all moving in processes are personalized to meet the needs of the resident, to ease the transition into their new home, and to create an environment where meaningful relationships can develop. This new standard empowers all new residents and their support network to engage fully as partners in care at the onset of receiving this service.



STROKE CARE IS MORE COORDINATED AND FOCUSED

- As part of the Organized Stroke Care Model, a provincial acute stroke unit and a provincial stroke rehabilitation unit were opened April 2010 at the QEH. A Secondary Stroke Prevention Clinic Pilot began at the PCH in October 2010 providing medical and lifestyle management support to patients at risk for a new stroke event. The provincial Organized Stroke Care Model has improved outcomes for patients by providing a coordinated approach to stroke care that includes early assessment, mobilization and rehabilitation, and enhanced hospital inpatient and ambulatory services to improve the outcomes for patients.

For more information refer to **www.healthpei.ca/stroke**.

IMPROVED CANCER CARE

- In 2010, a Colorectal Cancer Screening Pilot Project was implemented to improve access to Colorectal Cancer Screening for Islanders ages 50-74. The Pilot was held in several communities including Central Queens, Tyne Valley, O'Leary and Alberton. Approximately 937 Islanders participated in the Pilot in 2010/11. Due to the success of this pilot project, a colorectal cancer screening program was implemented Island-wide.

For more information refer to **www.cancercentre.pe.ca/**.

MENTAL HEALTH SERVICES BETTER MEETING ISLANDERS' NEEDS

- As a means to enhance access to primary mental health care, mental health staff have begun working collaboratively with primary care providers to provide brief treatment, consultation, and programming. This year Mental Health has implemented a single intake point for all children's community mental health services. This single point of contact can be accessed at the toll free number 1-866-833-5443.

More information is also available at **www.healthpei.ca/mentalhealth.**

DIALYSIS TREATMENT IS BECOMING MORE ACCESSIBLE

- Construction has begun on a new dialysis treatment unit at Prince County Hospital, set for completion in fall 2012. A Provincial Renal Clinic and a new hemodialysis site will be part of the QEH's new Ambulatory Care Center. This will provide life-saving treatments to patients with kidney failure.

Refer to **www.healthpei.ca/dialysis** for more information.

COLLABORATIVE MODEL OF CARE

• A sustainable health system requires the effective and efficient use of all human resources. Creating an environment that allows all team members to fully contribute to the care of persons and their families based on their education and skills is central to maximizing our current and future human resources. The goal of the Collaborative Model of Care is to ensure the person is with the right provider at the right time in their care experience. This requires health care teams to move from the 'old right way' of providing care to a 'new right way'. This 'new right way' requires the whole care team to work together more collaboratively with each other and the person and family.

TOOLS TO INCREASE COPD PATIENT KNOWLEDGE AND SELF-MANAGEMENT

• A new Chronic Obstructive Pulmonary Disease (COPD) Pilot Project was implemented in the spring of 2010. The goal of this project is to improve clinical outcomes and quality of life for patients by developing standard treatment approaches, working with a team of health professionals collaboratively and improving patient's knowledge, skills and confidence for successful self-management of COPD.

ENHANCED EMERGENCY MEDICAL SERVICES

• Access to Emergency Medical Services (EMS) has improved for all Islanders through an expansion in coverage provided by ambulances in different communities. Through the Advanced Care Paramedic (ACP) Grant Program, funding was provided for twelve students (eight in 2009 and four in 2010) to pursue advanced care paramedicine training, starting in 2009 to 2010-11.

• In June 2010, the new Queen Elizabeth Hospital Emergency Department (QEH-ED) which includes a new state of the art trauma room opened, providing an enhanced capacity for emergency care. With this new design and equipment available, there is increased patient privacy and safety for both patients and staff members.

• Islanders visiting the QEH-ED can now see expected wait times displayed. Using standards based on the Canadian Triage and Acuity Scale (CTAS), wait times are posted on a board in the Emergency Department (ER) waiting room providing the public real-time information about the wait time for each CTAS level. The patient is informed of the triage level assigned to their chart and no personal information is placed on the board.

MOVING FORWARD WITH FRENCH LANGUAGE SERVICES

- In collaboration with the PEI French Language Health Services Network and Acadian and Francophone Affairs, Health PEI managers where involved in the work of the Steering Committee for the French Language Services in Long Term Care Research project and helped coordinate three consultations sessions with relevant health service providers (long term care and home care) in West Prince, East Prince, and Charlottetown. Service providers identified opportunities to strengthen services for Island Francophone residents. This work established the foundation for specific actions aimed at increasing access to services and improving quality of care for French speaking Islanders.

Health PEI continues to move forward to enable change in the Island's health system through the continued focus on key strategic initiatives. The process of creating change is continuously adapting to reflect the current and future needs of the Island population. Key initiatives described in this section will lead to improvements in the health system and the health outcomes of Islanders. Health PEI staff and physicians have used strategic initiatives to guide innovative practices in a challenging and changing work environment. Important strides have been made in areas such as: increasing access to health care; improving wait times; improving patient safety; increasing and improving long-term care services; coordinating stroke care; and implementing a collaborative model of care.

"*Most Urgent*" patients have potentially life-threatening conditions and require prompt emergency medical care.

Patient Condition	Number of Patients Waiting to be Seen	Current Wait Time (as of 9:25:42AM)
Most Urgent	0	< 1 hr
Urgent	0	< 1 hr
Less than Urgent	1	< 1 hr

Total number of patients presently being treated by a physician: **17**

Health PEI

Community Partners

Over 1,100 community members across the Island volunteer with our seven hospitals and across our many community-based services. Volunteer activities take place through work including: hospital auxiliaries; local hospital volunteer committees; Meals on Wheels; home care; student programs and Hospice. Auxiliary groups across the Island run local programs and fundraisers for their respective hospitals and communities and collaborate with the following hospital foundations:

- Kings County Memorial Hospital Auxiliary
- Queen Elizabeth Hospital Auxiliary
- Prince County Hospital Auxiliary
- Stewart Memorial Hospital Auxiliary
- Western Hospital Healthcare Auxiliary
- O'Leary Community Hospital Ladies Auxiliary.

Since its formation, Health PEI has established and maintained strong connections with provincial and national community organizations. Through these relationships new program partnerships have been developed and skilled health resources shared.

Continued commitment from PEI's different hospital foundations over the years has been exemplary. As a result of the generous contributions to our hospital foundations, money was raised to purchase medical equipment and resources for the hospitals, and to provide bursaries for professional groups.

HIGHLIGHTS FROM 2010-11 ARE OUTLINED BELOW:

EASTERN KINGS HEALTH FOUNDATION

Thanks to the generosity of surrounding communities, the Foundation has continued to use community donations to purchase essential equipment and resources for the services in the Eastern Kings area. Donations to the Eastern King's Health Foundation Inc. totalled over $48,000 and funds were used to make medical equipment purchases such as a bladder scanner and a Hill Rom Versa Care Bed for Souris Hospital. Equipment and supplies were also purchased for Colville Manor, Community Mental Health and Addictions, Public Health, and Home Care.

KINGS COUNTY MEMORIAL HOSPITAL FOUNDATION

The KCMH Foundation continues to receive the generous support of the community as the 2011 Capital Campaign was launched to raise funds for x-ray equipment. Funds raised for the Foundation totalled over $352,000 and these funds have been directed towards the KCMH Foundation to provide much needed equipment and services.

QUEEN ELIZABETH HOSPITAL FOUNDATION

As a result of the outstanding contributions of all donors, the QEH Foundation continues its mission to provide medical equipment for the Queen Elizabeth Hospital. Highlights from the year include $2 Million raised through the Annual Fund which includes the Annual Friends for Life Campaign and the QEH Eastlink Telethon. Funds have been used to digitalize Diagnostic Imaging equipment. $2.1 Million was added to the Endowment Fund through generous gifts to be used for the purchase of medical equipment for the Paediatric Unit and the Ambulatory Care Centre.

PRINCE COUNTY HOSPITAL FOUNDATION

Since its inception, the PCH Foundation has relied on the generous support of the community and supporters Island-wide to reach its fundraising goals. Over the last year, the Foundation has raised over $956,516 from the community. These funds ensure that the PCH continues to have up to date equipment and access to the newest technologies for patients. Recent equipment highlights include the purchase of ENT surgical equipment and upgrades of all scopes to high-definition models. The Foundation is also committed to staff by the provision of educational bursaries to PCH nursing staff through the Wilkinson Trust Fund and to PCH staff through the PCH Foundation Continuing Education Bursary.

STEWART MEMORIAL HOSPITAL FOUNDATION

The Stewart Memorial Hospital Foundation continues to receive support from the local community to fund activities and equipment purchases. In 2010-11 over $29,000 was generated through Foundation's activities. Funds raised supported the purchase of medical equipment and furniture for hospital exam rooms and offices, wheel chair repairs, and bursaries for Registered Nurses.

WESTERN HOSPITAL FOUNDATION

Thanks to the continued support of the local community and the Board of Directors, the Western Hospital Foundation raised over $50,000 to support equipment purchases. The Foundation continues to actively participate in different provincial fundraisers.

O'LEARY COMMUNITY HEALTH FOUNDATION

The O'Leary Community Health Foundation continues to receive the support of the local community through its fundraising initiatives. In the past year, funds were raised to purchase physiotherapy equipment and to furnish the palliative care room where families meet with medical staff.

Financial Highlights

Health PEI's audited financial statements for 2010-11 are presented in Appendix 3.

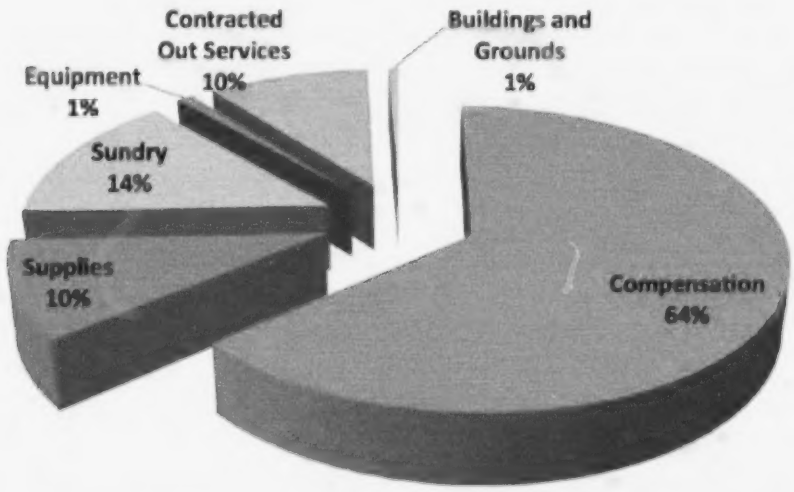
Statement of Revenues and Expenditures as of March 31, 2011

	Actual 2011 $
Revenue	523,428,692
Operating	523,428,692
Results from operating activities	0
Amortization of tangible capital assets	15,175,097
Amortization of deferred capital contributions	(15,175,097)
Annual Deficit	0

EXPENSES BY TYPE

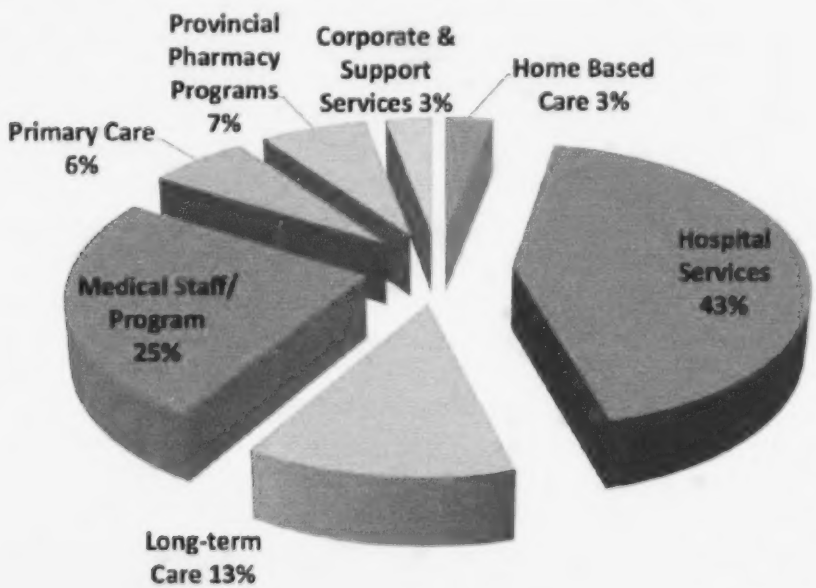
The expenses categories are as outlined in the Canadian Institute for Health Information's Standards for Management Information Systems in Canadian Health Service Organizations.

- Compensation - salaries and benefits paid to staff, as well as fees paid to physicians.
- Supplies - consumable items required for the delivery of health services including such things as medical/surgical supplies, drugs, blood products, food, fuel and electricity.
- Sundry - expense items that cannot readily be associated with one of the other expense categories which include such items as pharmacare programs, private nursing home resident subsidies, in-province ambulance services, training and education funds, telecommunication, insurance and postage.
- Contracted Out Services - cost of services performed on behalf of the health corporation by a third party provider comprised mainly of out-of-province hospital services, out-of-province medical services, air ambulance services and office space with support staff for salary and contract physicians.
- Equipment - expenses directly associated with maintaining major equipment and software and the purchase of minor equipment.
- Buildings and Grounds - expenses directly associated with the buildings, their service equipment and the grounds.



EXPENSES BY SECTOR

- Hospital Services - expenses relating to the delivery of services in P.E.I. hospitals including acute nursing care, ambulatory care, laboratory, diagnostic imaging, pharmacies, ambulance services and the clinical information system.
- Medical Staff/Programs - expenses relating to services provided by physicians and programs for physicians including primary health care, acute medical care, specialty medical care, out of province hospital services and the medical residency program.
- Long-term Care - expenses relating to the provision of long-term residential care.
- Pharmacare Programs - expenses relating to the provision of pharmacare programs including Seniors Drug Cost Assistance program, Social Assistance Drug Cost Assistance program and High Cost Drugs Program.
- Primary Care - expenses relating to the provision of primary health care by nursing and other health care providers, including community primary health care, community mental health, addiction services, public health services and dental programs.
- Home Based Care - expenses relating to the provision of home nursing care, home support services and dialysis services.
- System Support - expenses relating to the provision of centralized, corporate support services including strategic planning and evaluation, human resource management, financial planning and analysis, financial accounting and reporting, materials management and health information management.



Health PEI by the Numbers

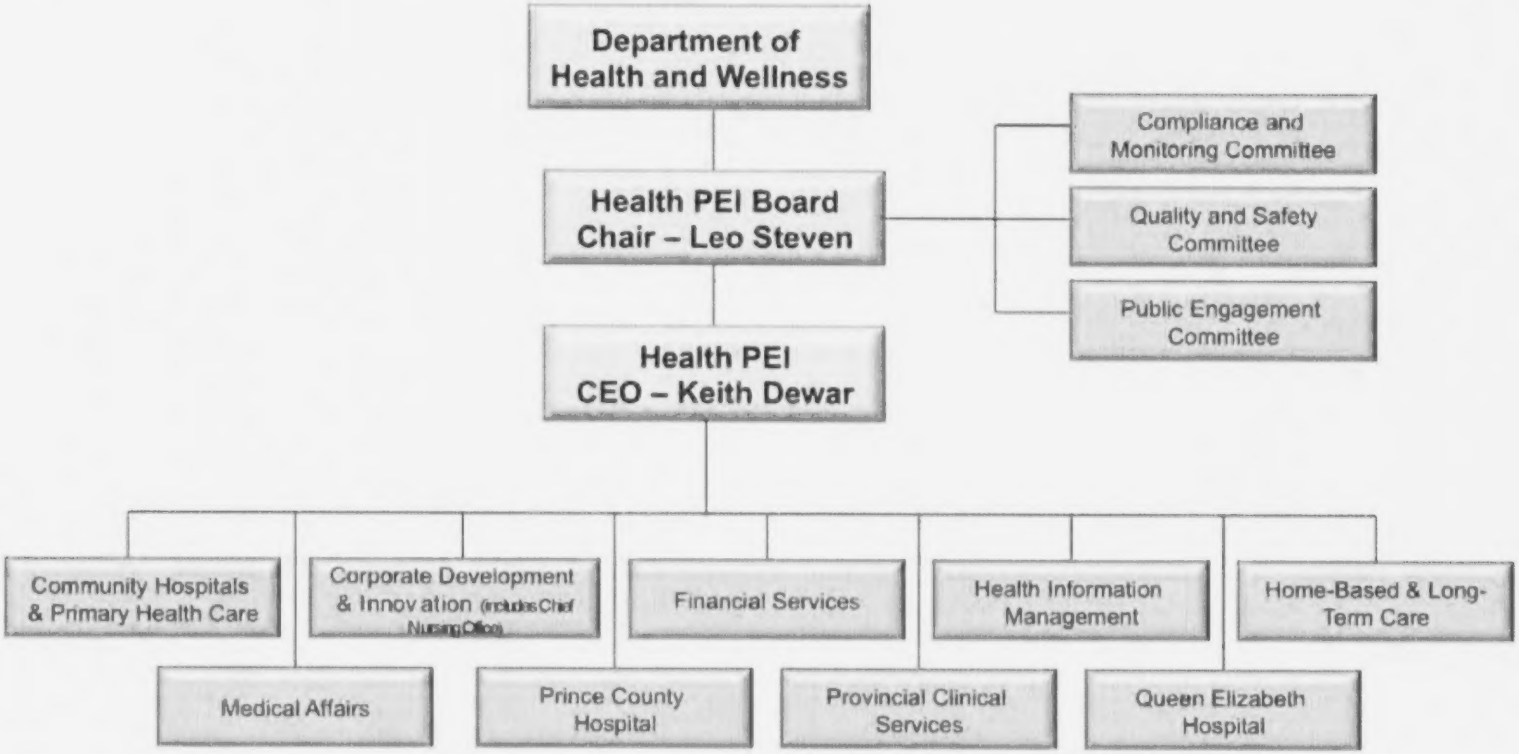
Employees[6]	**2009/10**	**2010/11**
Nursing (NPs, RNs, LPNs, RCWs & PCWs)	1,833	1,896
Administration and Management	172	174
Lab Technicians	218	226
Secretarial/Clerical	274	286
Utility Worker/Service Worker	475	489
Other Health Professionals and Support Staff	1,044	1,096
Medical Staff[7]		
Family Physicians	117	115
Specialists	99	103
Residents	5	10
Hospital Based Service Volumes Across Health PEI[8]		
Emergency Visits	108,383	102,261
Operative Cases (Acute Care)	3,879	3,697
Operative Cases (Day Surgery)	6,262	6,534
Inpatient Days	128,832	133,674
Admissions	15,926	15,434
Average Length of Stay (days)	8.1	8.5
Number of Diagnostic Imaging Exams	133,570	139,959
Number of Tests Processed by Laboratory Services	1,560,400	1,760,000
Hospital Based Mental Health Services Inpatient Admissions[12]	1,163	1,032
Long Term Care[10]		
Occupancy Rate	97.2%	98.4%
Number of long term care admissions	192	206
Number of long term care beds (public facilities)	572	572
Number of long term care public facilities	9	9
Average Length of Stay (years)	2.7	2.7
Home Care[11]		
Number of Clients Receiving Home Care Services	4,175	4,677
Number of Admissions to Home Care	3,899	4,298
Number of Home Care Clients that are +75 yrs old	2,305	2,608

PEI Cancer Treatment Centre[13]	2009/10	2010/11
Radiation Therapies and Simulation Visits	8,045	8,866
Medical Visits	7,284	7,566
Radiation Consults and Follow-Ups	1,068	1,285
Medical Consults and Follow-Ups	4,839	5,244
Primary Care Statistics[9]		
Community Mental Health Provincial – Referrals[(a)]	4,451	4,725
Community Mental Health – Crisis Response[(a)]	872	1061
Addiction Services – Total Admissions	3,177	3,072
Speech Language Pathology Program Referrals[(b)]	766	586
Audiology Referrals[(c)]	381	788
Immunization Rate (2 yrs old fully immunized)[(d)]	82.92%	82.80%
Visits to Primary Care Health Centres	118,482	110,903
Primary Care Health Centres - # Distinct Clients	30,303	28,123
Provincial Diabetes Program – # class attendees[(e)]	844	926
Provincial Diabetes Programs - # of classes[(e)]	104	129
Provincial Diabetes Programs – Total # of referrals (Pediatric Type 1 & 2; Adult Type 1 & 2; Gestational Diabetes)[(e)]	1,318	1,395
Public Health Dental Program - # of children who received dental treatment	7,292	7,496
Public Health Dental Program - # of children who participated in the school-based prevention program	16,140	14,286
Breast Feeding Provincial Rates	70%	71%

APPENDIX

Appendix 1 – Organizational Chart

PEI Health System Organizational Structure


Department of Health and Wellness
Health PEI Board Chair – Leo Steven
Compliance and Monitoring Committee
Quality and Safety Committee
Public Engagement Committee
Health PEI CEO – Keith Dewar
Community Hospitals & Primary Health Care
Corporate Development & Innovation (includes Chief Nursing Officer)
Financial Services
Health Information Management
Home-Based & Long-Term Care
Medical Affairs
Prince County Hospital
Provincial Clinical Services
Queen Elizabeth Hospital

Appendix 2 – Key Performance Indicators

Goal	Objectives	Indicators		Benchmarks	Baseline 2008/09 Results	Annual Results 2009/10	Targets 2010/11	Annual Results 2010/11	Targets 2011/12
Quality	Reduce unplanned readmissions for same condition (all hospitals)	% Unplanned Readmissions within 7 Days to Same Acute Care Facility		1.6%	3.2%	2.8%	2.8%	3.0%	2.8%
		% Unplanned Readmissions within 8 to 28 Days to Same Acute Care Facility		2.0%	4.0%	3.8%	3.9%	3.9%	3.9%
	Ensure appropriate patient safety standards are met.	Hospital Standardized Mortality Ratio (HSMR)		100	110	97	≤ 100	84	≤ 100
	Reduce hospital admissions for ACSC	Ambulatory Care Sensitive Conditions (ACSC). Rate per 100,000		Canadian Average (annual calculation)	480/320 = 150%	497/302 = 165%	119%	Available 14 months post fiscal	105%
	Maintain or enhance satisfaction with service	Client, Patient, Family Satisfaction With Services (Acute Care)		90%	95%	96%	≥ 90%	96%	≥ 90%
Equity	Ensure timely access to key services in targeted areas	Proportion of patients who received targeted service within defined time frame- Wait Times	Radiation Therapy	90% within 4 wks	386/387 (100%)	386/401 (96%)	90% within 4 wks	414/422 (98%)	90% within 4 wks
			CT Scan Provincial Rollup	90% within 2 weeks-Urgency 1; 4 weeks-Urgency 2; 8 weeks-Urgency 3	3708/6604 (56%)	6519/7139 (91%)	90% within: 2 weeks-Urgency 1; 4 weeks-Urgency 2; 8 weeks-Urgency 3	6053/6523 (93%)	90% within: 2 weeks-Urgency 1; 4 weeks-Urgency 2; 8 weeks-Urgency 3
			MRI Provincial Rollup	90% within: 2 weeks-Urgency 1; 4 weeks-Urgency 2; 12 weeks-Urgency 3	1265/2949 (43%)	1464/3311 (44%)	90% within: 2 weeks-Urgency 1; 4 weeks-Urgency 2; 12 weeks-Urgency 3	2527/3845 (67%)	90% within: 2 weeks-Urgency 1; 4 weeks-Urgency 2; 12 weeks-Urgency 3
			Hip Replacement	90% within 26 wks	117/130 (90%)	104/126 (83%)	90% within 26 wks	80/94 (85%)	90% within 26 wks
			Knee Replacement	90% within 26 wks	158/196 (81%)	159/228 (70%)	90% within 26 wks	132/202 (65%)	90% within 26 wks
			Cataract Surgery	90% within 16 wks	624/1054 (59%)	1022/1249 (82%)	90% within 16 wks	991/1304 (76%)	90% within 16 wks
	Enhance services in key areas	Budgeted Spending per Capita	Primary Healthcare	253.20	225.02 (09/10)	225.02	234.39	250.82	246.11
			Home Care	116.20	108.51 (09/10)	108.51	120.66	132.53	126.69
			Long -term Care	480.30	431.70 (09/10)	431.70	443.00	484.47	456.29
			Hospital services	1615.30	1558.00 (09/10)	1558.00	1635.52	1720.24	1668.23
			Physicians	719.40	658.31 (09/10)	658.31	689.98	708.15	703.78
			Drugs	278.50	243.18 (09/10)	243.18	252.85	246.04	268.02
			Ambulance	64.50	62.87 (09/10)	62.87	68.14	79.06	70.87
Efficiency	Ensure appropriate LOS for bed based services	Ave Length of Stay (ALOS) – Expected LOS (ELOS) Variance In Days		ELOS	ELOS + 3.1 days	ELOS +2.9 days	ELOS + 2 days	ELOS + 3.1 days	ELOS + 1 day
		Ave Length of Stay (ALOS) – (Long Term Care – Public Facilities)		≤ 2.8 years	3.3 years	2.7 years	≤ 3.0 years	2.7 years	≤ 2.9 years
	Improve efficient use of health human resources	Hours per Patient Day (HPPD)		Not Available	5.30	5.48	Not Available	5.40	Not Available
Sustain-ability	Ensure operational sustainability within assigned resources	Budget Share- Health budget as % of tot provincial operational budget		34.6%	33.6% (09/10)	33.6%	34.5%	35.8%	34.6%
		Health budget as % of total provincial budget (program expend only)		37.9%	37.0% (09/10)	37.0%	37.2%	38.5%	37.5%
		Annual Results: Surplus/ Deficit (budgeted minus actual expenditures)		$0.00	$0.00	$3.93M deficit	$0.00	$6.28 M deficit	$0.00
	Ensure a safe and healthy work environment	Sick Days Per FTE		≤ 11.81 days/FTE	11.81 days/FTE	11.45 days/FTE	≤ 11.81 days/FTE	12.27 days/FTE	≤ 11.81 days/FTE
		Over time Days Per FTE		6.05 days/FTE	7.53 days/FTE	7.39 days/FTE	6.64 days/FTE	7.53 days/FTE	6.20 days/FTE
		Staff Satisfaction Rate		78%	76%	Not measured	≥ 77%	77%	Not measured

Prepared October 28, 2011 UEH

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

HEALTH PEI

FINANCIAL STATEMENTS

MARCH 31, 2011

AUDITOR GENERAL

CHARLOTTETOWN
PRINCE EDWARD ISLAND

Management's Report

Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is responsible for the notes to the financial statements and schedules and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial reports on a regular basis and external audited financial statements yearly.

The Auditor General conducts an independent examination, in accordance with Canadian generally accepted auditing standards and expresses his opinion on the financial statements. The Auditor General has full and free access to financial information and management of Health PEI and meet when required.

On behalf of Health PEI

Leo Steven
Chair, Health PEI Board

Keith Dewar
Chief Executive Officer

June 30, 2011

AUDITOR GENERAL

CHARLOTTETOWN
PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of Health PEI

I have audited the financial statements of the **Health PEI**, which comprise the statement of financial position as at March 31, 2011, and the statements of operation and accumulated deficit, changes in net debt and cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles for the public sector and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

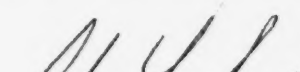
My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2011, and its financial performance and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for the public sector.



Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
June 30, 2011

HEALTH PEI

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2011

	2011 $	April 1, 2010 $
Financial Assets		
Cash and cash equivalents	2,499,855	12,764,654
Short-term investments	323,784	323,784
Accounts receivable (Note 6)	9,649,819	9,406,253
Due from the Department of Health and Wellness	8,567,880	-
	21,041,338	22,494,691
Financial Liabilities		
Accounts payable and accrued liabilities (Note 9)	64,127,107	67,297,469
Employee future benefits (Note 10)	28,496,475	26,437,207
Due to the Department of Health and Wellness	-	1,123
Deferred revenue (Note 11)	354,464	410,573
	92,978,046	94,146,372
Net Debt	71,936,708	71,651,681
Non-Financial Assets		
Tangible capital assets (Note 13)	181,937,572	161,282,132
Deferred capital contributions (Note 14)	(181,937,572)	(161,282,132)
Investment in tangible capital assets	-	-
Inventories held for use (Note 7)	5,463,397	6,467,339
Prepaid expenses (Note 8)	3,233,561	1,944,592
	8,696,958	8,411,931
Accumulated Deficit	63,239,750	63,239,750
Designated assets (Note 19)	418,843	358,704
Trusts under administration (Note 20)	359,816	370,401

(The accompanying notes are an integral part of these financial statements.)

APPROVED ON BEHALF OF HEALTH PEI

BOARD CHAIR: _____

CHIEF EXECUTIVE OFFICER: _____

HEALTH PEI

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

FOR THE YEAR ENDED MARCH 31, 2011

	Budget (Note 21) $	Actual 2011 $
Revenues		
Grants - Department of Health and Wellness	494,781,800	501,064,295
Fees - patient and client (Note 17)	17,184,800	18,200,253
Food services	1,273,100	1,195,098
Federal revenues	447,800	903,754
Sales	1,274,300	756,471
Other	1,018,900	1,308,821
	515,980,700	523,428,692
Expenses		
Community hospitals	21,530,300	21,918,858
Acute care	130,952,100	133,333,345
Addiction services	9,914,200	9,190,312
Acute mental health	14,539,400	15,243,367
Community mental health	8,313,300	7,374,424
Continuing care	49,048,600	50,438,876
Private nursing home subsidies	14,038,300	14,837,567
Public and dental health	9,316,800	9,178,450
Provincial pharmacare programs	35,648,400	35,753,714
Home care and support	16,922,300	15,928,825
Provincial laboratory and diagnostic imaging	25,630,400	27,082,381
Provincial hospital pharmacies	4,876,200	4,375,858
Emergency health services	12,097,700	14,043,952
Corporate and support services	27,450,000	25,291,389
Medical programs	127,646,300	131,946,891
Primary care	8,056,400	7,490,483
	515,980,700	523,428,692
Amortization of tangible capital assets	-	15,175,097
Amortization of deferred capital contributions	-	(15,175,097)
	515,980,700	523,428,692
Annual deficit (Note 18)	-	-
Accumulated deficit, beginning of year	63,239,750	63,239,750
Accumulated deficit, end of year	63,239,750	63,239,750

(The accompanying notes are an integral part of these financial statements.)

HEALTH PEI

STATEMENT OF CHANGES IN NET DEBT

FOR THE YEAR ENDED MARCH 31, 2011

	Budget (Note 21) $	2011 $
Net debt, beginning of year	71,651,681	71,651,681
Changes in year:		
Annual deficit	-	-
Acquisition of tangible capital assets	50,691,600	35,830,587
Amortization of tangible capital assets	-	(15,175,097)
Amortization of deferred capital contributions	-	15,175,097
Capital revenue received	(50,691,600)	(35,830,587)
Decrease in inventories	-	(1,003,942)
Increase in prepaid expenses	-	1,288,969
Increase in net debt	-	285,027
Net debt, end of year	71,651,681	71,936,708

(The accompanying notes are an integral part of these financial statements.)

HEALTH PEI

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2011

	2011 $
Cash provided by (used for):	
Operating Activities	
Deficit for the year	-
Amortization of tangible capital assets	15,175,097
Amortization of deferred capital contributions	(15,175,097)
Changes in:	
Accounts receivable	(243,566)
Due from the Department of Health and Wellness	(8,569,003)
Accounts payable and accrued liabilities	(3,170,362)
Employee future benefits	2,059,268
Deferred revenue	(56,109)
Prepaid expenses	(1,288,969)
Inventories	1,003,942
Cash used for operating activities	(10,264,799)
Capital Activities	
Acquisition of tangible capital assets	(35,830,537)
Capital contributions:	
Province of Prince Edward Island	30,750,028
Hospital Foundations	5,080,509
Cash provided by capital activities	-
Decrease in cash and cash equivalents	10,264,799
Cash and cash equivalents, beginning of year	12,764,654
Cash and cash equivalents, end of year	2,499,855

(The accompanying notes are an integral part of these financial statements.)

HEALTH PEI

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2011

1. Nature of Operations

Health PEI is a provincial Crown corporation established on April 1, 2010, and operates under the authority of the *Health Services Act*. Health PEI is a government not-for-profit organization named in Schedule B of the *Financial Administration Act* and reports to the Legislative Assembly through the Minister of the Department of Health and Wellness. The mandate of Health PEI is to be responsible for the operation and delivery of all health services in the Province of Prince Edward Island. These services are categorized as follows:

Community Hospitals	Home Care and Support
Acute Care Hospitals	Public and Dental Health
Addiction Services	Provincial Laboratory and Diagnostic Imaging
Acute Mental Health	Provincial Hospital Pharmacies
Community Mental Health	Emergency Health Services
Continuing Care	Corporate and Support Services
Private Nursing Home Subsidies	Medical Programs
Provincial Pharmacare Programs	Primary Care

Health PEI is a provincial Crown corporation and as such is not subject to taxation under the federal *Income Tax Act*.

2. Commencement of Operations

Commencing with the 2010-2011 fiscal year, responsibility for the delivery of various health programs and services was transferred from the Department of Health and Wellness to Health PEI. All assets, liabilities, rights, obligations, commitments and contingencies related to the affected programs and services were transferred to Health PEI at the carrying values of the government of the Province of Prince Edward Island as at March 31, 2010. The net tangible capital assets transferred from the Province of Prince Edward Island have been recorded as a deferred capital grant from the Province.

3. Summary of Significant Accounting Policies

Basis of Accounting

These financial statements are prepared by management in accordance with Canadian public sector accounting principles for the public sector. Health PEI complies with the recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) wherever applicable. PSAB standards are supplemented where appropriate by other CICA accounting pronouncements.

a) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdraft.

3. **Summary of Significant Accounting Policies (continued...)**

b) Short-term Investments

Short-term investments are recorded at the lower of cost or net realizable value.

c) Accounts Receivable

Accounts receivable are recorded at cost less any provision when collection is in doubt.

d) Inventories

Inventories of supplies as described in Note 7 are recorded at the lower of the moving average and replacement cost. Damaged, obsolete or otherwise unusable inventory is expensed as identified. Inventories of supplies that are resold to the public are not segregated due to their immaterial value.

e) Due from the Department of Health and Wellness

Amounts due to or from the Department of Health and Wellness arise from the difference between cash flows provided to Health PEI and the approved operating grant from the Department. These balances have no repayment terms and no interest is payable on outstanding balances.

f) Deferred Revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue when stipulations are met.

g) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development. Interest, if any, on capital projects is expensed as incurred.

The cost of the tangible capital assets, excluding land, is amortized on a straight line basis over their estimated useful lives as follows:

Buildings	40 years
Building improvements	10 years
Paving	10 years
Equipment	5 years
Computer hardware	5 years
Computer software systems	10 years
Motor vehicles	5 years

3. Summary of Significant Accounting Policies (continued...)

g) Tangible Capital Assets (continued...)

The cost of assets under construction are not amortized until the construction is completed and the asset is available for use. In the year of acquisition, one half of the annual amortization is recorded.

Tangible capital assets are written down when conditions indicate they no longer contribute to Health PEI's ability to provide goods and services, or when the value of the future economic benefits associated with the tangible capital assets are less than their net book value. Write downs are expensed when identified.

Capital contributions related to the acquisition of tangible capital assets are deferred and amortized at the same rate as the related asset.

h) Prepaid Expenses

Prepaid expenses as described in Note 8 are charged to expense over the periods expected to benefit.

i) Revenues

Revenues are recorded on an accrual basis in the period in which the transactions or events which gave rise to the revenues occurred. When accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable, revenues are recorded as received.

Transfers (revenues from non-exchange transactions) are recognized as revenues when the transfer is authorized, any eligibility criteria is met and a reasonable estimate of the amount can be made. Transfers are recognized as deferred revenue when amounts have been received but eligibility criteria have not been met.

Grants from the Department of Health and Wellness are recognized as revenues on a monthly basis as services are delivered by Health PEI in accordance with its legislated mandate.

j) Expenses

Expenses are recorded on an accrual basis in the period in which the transactions or events which gave rise to the expense occurred.

Transfers include entitlements, grants and transfers under shared cost agreements. Grants and transfers are recorded as expenses when the transfer is authorized, eligibility criteria have been met by the recipient and a reasonable estimate of the amount can be made. Transfers are recognized as prepaid expenses when eligibility criteria have not been met.

3. Summary of Significant Accounting Policies (continued...)

k) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at year-end. Foreign currency transactions are translated at the exchange rate prevailing at the date of the transactions. Health PEI has limited exposure to foreign currency, as substantially all of its transactions are conducted in Canadian dollars.

l) Use of Estimates and Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting principles requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of capital assets, employee retirement benefits, provisions for doubtful accounts, accrued liabilities for out-of-province health services and negotiated settlements with unions and other employees.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates and the differences could be material.

4. Short-term Investments

Short-term investments consist of investments in the Province of New Brunswick bonds which mature July 12, 2011. The bonds have a quoted market value of $315,973 (2010 - $329,491).

5. Financial Instruments

Fair Value

Health PEI's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities. Due to their short-term nature, the carrying value of these financial instruments approximate their fair value.

Risk Management

Health PEI is exposed to a number of risks as a result of the financial instruments on its statement of financial position that can affect its operating performance. These risks include market risk, credit risk and liquidity risk. Health PEI's financial instruments are not subject to interest rate risk, foreign exchange risk or other price risk.

5. Financial Instruments (continued...)

Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual instrument, its issuer or factors affecting all instruments traded in the market.

Health PEI manages its short-term investment portfolio based on the established investment objectives to protect the purchasing power of the assets, while generating a stable stream of income.

Credit Risk

Health PEI is exposed to credit risk with respect to accounts receivable. Health PEI has a collection policy and monitoring processes intended to mitigate potential credit losses. Health PEI maintains provisions for potential credit losses that are assessed on an on-going basis. The provision for doubtful accounts is disclosed in Note 6.

6. Accounts Receivable

	2011 $	2010 $
Fees and revenues receivable	4,229,761	4,727,447
Less: provision for doubtful accounts	(484,934)	(877,954)
	3,744,827	3,849,493
Hospital Foundations	3,345,881	2,850,742
Province of Prince Edward Island	1,462,197	1,046,272
Employee advances	1,044,887	1,334,310
Other	52,027	325,436
	9,649,819	9,406,253

The aging of fees and revenues receivable is as follows:

	2011 $
Current	3,002,671
61 - 90 days	299,571
91 - 180 days	312,206
Greater than 180 days	615,313
	4,229,761

7. Inventories

	2011 $	2010 $
Medical, food and other supplies	4,028,184	5,066,500
Drugs	1,435,213	1,400,839
	5,463,397	6,467,339

8. Prepaid Expenses

	2011 $	2010 $
Workers Compensation premiums	1,489,250	924,545
Private nursing home subsidies	573,825	75,000
Out-of-province Medicare costs	535,000	535,000
Maintenance contracts	501,163	304,157
Other	134,323	105,890
	3,233,561	1,944,592

9. Accounts Payable and Accrued Liabilities

	2011 $	2010 $
Accounts payable	18,969,720	21,499,559
Accrued liabilities	15,454,828	16,131,424
Salaries and benefits payable	14,025,274	15,131,718
Accrued vacation pay	15,677,285	14,534,768
	64,127,107	67,297,469

10. Employee Future Benefits

a) Retirement Allowance

Health PEI provides a retirement allowance to its permanent employees in accordance with the applicable collective agreement. The amount paid to eligible employees at retirement is one week's pay per year of eligible service based on the rate of pay in effect at the retirement date, to the maximum specified in the applicable collective agreement. These benefits are unfunded. The benefit costs and liabilities related to these allowances are included in these financial statements.

10. Employee Future Benefits (continued...)

a) Retirement Allowance (continued...)

	2011 $
Balance, beginning of year	26,437,207
Current service cost	2,216,676
Interest accrued on liability	1,366,174
Amortization of actuarial gain/loss	308,905
Less: payments made	(1,832,487)
Balance, end of year	28,496,475

The retirement allowance balance is based on an independent actuarial valuation dated April 1, 2008, provided to the Pension and Benefits Section of the Prince Edward Island Department of Finance and Municipal Affairs. The total liability is projected by the employer in the years between the tri-annual actuarial valuations. Some of the employees included in the valuation dated April 1, 2008, are now employees of the Departments of Community Services, Seniors and Labour and the Department of Health and Wellness.

The economic assumptions used in the determination of the actuarial value of accrued retirement allowances were developed by reference to expected long-term market conditions. Significant assumptions used in the projection are:

Discount rate	4.47% per annum
Expected salary increase	2.50% per annum
Expected average remaining service life	16 years

b) Pension and Other Benefits

i) All permanent employees of Health PEI, other than physicians, participate in the multi-employer contributory defined benefit pension plan as defined by the *Civil Service Superannuation Act*. This plan provides a pension on retirement based on two percent of the average salary for the highest three years times the number of years of pensionable service. The Plan is administered by the Province of Prince Edward Island and responsibility for any unfunded liability is that of the Province.

Salaried physicians maintain their own personal RRSP accounts to which Health PEI makes contributions in accordance with the Master Agreement between the Medical Society of Prince Edward Island and the Province of Prince Edward Island. Health PEI's contributions are equivalent to the pension contributions the employer would have otherwise made had the physician been eligible to participate in the pension plan as defined by the *Civil Service Superannuation Act*. Health PEI's liability is limited to its required contributions in accordance with the agreement.

10. Employee Future Benefits (continued...)

b) Pension and Other Benefits (continued...)

Health PEI contributions to these plans are expensed as incurred. Additional information on the pension plan as defined in the *Civil Service Superannuation Act* can be found in the notes to the Public Accounts of the Province of Prince Edward Island.

ii) The Public Sector Group Insurance Plan provides life insurance, long-term disability and health and dental benefits to eligible employees of Health PEI. The Plan is administered by a multi-employer, multi-union Board of Trustees who are responsible for any unfunded liabilities of the plan. The costs of insured benefits reflected in these financial statements are the employer's portion of the insurance premiums owed for employee coverage during the period.

iii) Union agreements provide for the accumulation of sick leave benefits by employees. However, there is no obligation for Health PEI to settle these amounts with cash payments upon termination or retirement of the employee. A liability has not been calculated by Health PEI and no accrual has been recorded in these financial statements for sick leave benefits.

11. Deferred Revenue

Deferred revenues set aside for specific purposes as required either by legislation, regulation or agreement as at March 31, 2011:

	Balance, beginning of year $	Receipts during year $	Transferred to revenue $	Balance, end of year $
Health promotion projects	389,715	293,810	352,523	331,002
Staff education	20,858	4,894	2,290	23,462
	410,573	298,704	354,813	354,464

12. Contingent Liabilities

Health PEI is subject to legal actions arising in the normal course of business. At March 31, 2011, there were a number of outstanding legal claims against Health PEI. Costs related to these outstanding claims is funded by the Prince Edward Island Self-Insurance and Risk Management Fund. The Fund provides general liability insurance, errors and omissions insurance, primary property and crime insurance and automobile liability insurance. The Fund is administered by the Province of Prince Edward Island and any responsibility for liabilities of the Fund is that of the Province of Prince Edward Island.

13. Tangible Capital Assets

	Land	Buildings	Equipment and Vehicles	Computer hardware and Software	Land Improve-ments	Buildings major Improve-ments	2011 Total
	$	$	$	$	$	$	$
Cost							
Opening balance	1,877,240	162,759,957	88,526,169	42,352,496	962,650	2,535,813	299,014,325
Additions	-	24,680,236	7,421,287	2,948,313	40,490	740,211	35,830,537
Closing balance	1,877,240	187,440,193	95,947,456	45,300,809	1,003,140	3,276,024	334,844,862
Accumulated amortization							
Opening balance	-	53,007,377	75,183,146	8,611,625	477,392	452,653	137,732,193
Amortization	-	2,280,857	4,682,947	7,844,749	66,705	299,839	15,175,097
Closing balance	-	55,288,234	79,866,093	16,456,374	544,097	752,492	152,907,290
Net book value	1,877,240	132,151,959	16,081,363	28,844,435	459,043	2,523,532	181,937,572

Cost at March 31, 2011 includes assets under construction as follows:

	2011 $
Queen Elizabeth Hospital Redevelopment	43,077,662
Colville Manor Replacement	4,188,589
Maplewood Manor Replacement	3,919,202
Summerset Manor Replacement	671,220
Prince Edward Home Replacement	497,432
Other Buildings	372,129
Buildings – Major Improvements	111,555
	52,837,789

14. Deferred Capital Contributions

	Province of PEI $	*Hospital Foundations $	2011 Total $
Deferred revenue			
Opening balance	278,013,960	21,000,365	299,014,325
Additions	30,750,028	5,080,509	35,830,537
Closing balance	308,763,988	26,080,874	334,844,862
Accumulated amortization			
Opening balance	137,732,193	-	137,732,193
Amortization	8,490,468	6,684,629	15,175,097
Closing balance	146,222,661	6,684,629	152,907,290
Net book value	162,541,327	19,396,245	181,937,572

14. Deferred Capital Contributions (continued...)

* On April 1, 2010, net deferred capital contributions of $21,000,365 were transferred from the Department of Health and Wellness to Health PEI as part of the initial transfer of assets, liabilities, rights and obligations to Health PEI.

15. Contractual Obligations

Health PEI has entered into a number of multiple-year contracts for the delivery of services. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts.

	2012 $	2013 $	2014 $	2015 $	2016 $	Thereafter $
Private nursing home subsidies	14,857,582	15,570,550	-	-	-	-
Ambulance services	3,924,000	3,924,000	3,924,000	3,924,000	3,924,000	3,924,000
IT maintenance	1,446,536	1,520,976	1,565,656	1,640,096	1,714,536	1,714,536
Maintenance contracts	1,093,738	962,109	830,800	682,922	133,824	-
Education funds	1,307,400	647,400	647,400	647,400	647,400	-
PEI Medical Society	878,585	-	-	-	-	-
Facility rental	149,763	80,950	68,450	68,450	-	-
	23,657,604	22,705,985	7,036,306	6,962,868	6,419,760	5,638,536

Health PEI has committed to capital projects which commenced on or before March 31, 2011. Remaining budget amounts for these projects is as follows:

	2012 $	2013 $
Long-term care facilities	30,448,557	12,270,000
Prince County Hospital dialysis unit	2,560,000	-
Palliative Care Centre	500,000	4,700,000
Queen Elizabeth Hospital	16,450,755	-
	49,959,312	16,970,000

Health PEI contracts on an ongoing basis with the Province of Prince Edward Island and with private health service providers to provide services as outlined below. Health PEI has contracted for services in the year ending March 31, 2012, similar to those provided by these providers in 2011.

	2012 $
Canadian Mental Health Association	1,389,800
PEI Public Service Commission	566,300
Province of Prince Edward Island ITSS	1,436,300
	3,392,400

16. Related Party Transactions

Health PEI had the following transactions with the Province of Prince Edward Island and other government controlled organizations:

	2011 $
Transfers from the Province of Prince Edward Island:	
Operating grant	501,064,295
Salary recoveries	556,416
Other sales and expenses	749,439
	502,370,150
Capital contributions from the Province of Prince Edward Island	30,750,028
Transfers to the Province of Prince Edward Island:	
Salary reimbursements	2,882,793
Self-insurance premiums	675,869
Public Service Commission	566,300
Other expenses	556,301
	4,681,263

17. Fees - Patient and Client

	2011 $
Continuing Care Resident fees	10,388,913
Hospital medical services:	
Non-residents	4,021,522
Un-insured hospital services - Workers Compensation	1,864,000
Other un-insured hospital services	1,294,819
Hospital preferred room accommodations	589,174
Other	41,825
	18,200,253

18. Annual Deficit

Throughout the fiscal year, Health PEI regularly communicates with the Departments of Health and Wellness and Finance and Municipal Affairs on the expected operational results for the year and action plans developed to address potential deficits.

As of March 31, 2011, Health PEI's operational results reflected a deficit of $6,282,495. Health PEI may only accumulate a deficit if authorized by the Lieutenant Governor in Council. Subsequent to year end, a special warrant for $6,282,495 was approved by Executive Council of the Province of Prince Edward Island to fund this deficit.

19. Designated Assets

At March 31, 2011, the balance of funds held as designated assets was $418,843 (2010 - $358,704). Designated assets consist of funds received as donations by a health facility or program that are restricted for the purchase of equipment, supplies or other needs of the specific facility or program.

20. Trusts Under Administration

At March 31, 2011, the balance of funds held in trust for residents of facilities in Continuing Care was $359,816 (2010 - $370,401). These trusts consist of a monthly comfort allowance provided to Continuing Care residents who qualify for subsidization of resident fees. These amounts are not included in the Statement of Financial Position.

21. Budgeted Figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Legislative Assembly of the Province of Prince Edward Island.

Subsequent to the tabling of the 2010 P.E.I. Estimates of Revenue and Expenditures, the organizational reporting structure of Health PEI was changed. The following table shows the allocation of the original approved budget under the new structure:

	Provincial Acute Care	Community Hospitals & Home Based Care	Provincial Drug and Dental Program	Primary Health Care	Medical Programs	Corporate and Support Services	Total
	$	$	$	$	$	$	$
Original Budget - 2010 Estimates	173,262,500	104,055,000	38,274,300	33,045,900	139,617,100	27,725,900	515,980,700
Transfers between Divisions	202,600	17,500	-	(71,100)	126,900	(275,900)	-
Restated Budget - 2010 Estimates	173,465,100	104,072,500	38,274,300	32,974,800	139,744,000	27,450,000	515,980,700

							Budget - Statement of Operations
Community Hospitals	-	21,530,300	-	-	-	-	21,530,300
Acute Care	130,952,100	-	-	-	-	-	130,952,100
Addiction Services	-	-	-	9,914,200	-	-	9,914,200
Acute Mental Health	14,539,400	-	-	-	-	-	14,539,400
Community Mental Health	-	-	-	8,313,300	-	-	8,313,300
Continuing Care	-	49,048,600	-	-	-	-	49,048,600
Private Nursing Homes	-	14,038,300	-	-	-	-	14,038,300
Public and Dental Health	-	-	2,625,900	6,690,900	-	-	9,316,800
Provincial Pharmacare Program	-	-	35,648,400	-	-	-	35,648,400
Home care and Support	-	16,922,300	-	-	-	-	16,922,300
Provincial Laboratory and Diagnostic Imaging	23,560,700	2,069,700	-	-	-	-	25,630,400
Provincial Hospital Pharmacies	4,412,900	463,300	-	-	-	-	4,876,200
Emergency Health Services	-	-	-	-	12,097,700	-	12,097,700
Corporate and Support Services	-	-	-	-	-	27,450,000	27,450,000
Medical Programs	-	-	-	-	127,646,300	-	127,646,300
Primary Care	-	-	-	8,056,400	-	-	8,056,400
Total	173,465,100	104,072,500	38,274,300	32,974,800	139,744,000	27,450,000	515,980,700

22. Expenses by Type

The following is a summary of expenses by type:

	Compensation $	Supplies $	Sundry $	Equipment $	Contracted Out Services $	Buildings and Grounds $	2011 Total $
Community Hospitals	17,454,779	3,067,989	473,701	290,193	335,903	296,293	21,918,858
Acute Care	93,301,410	30,788,362	2,406,793	3,008,191	1,930,786	1,897,803	133,333,345
Addiction Services	7,899,486	554,719	506,201	76,753	81,646	71,508	9,190,313
Acute Mental Health	13,292,302	1,460,700	115,877	118,238	151,220	105,030	15,243,367
Community Mental Health	5,757,295	38,415	1,531,950	13,108	33,657	-	7,374,425
Continuing Care	44,021,129	4,582,019	470,703	497,724	286,136	581,165	50,438,876
Private Nursing Home Subsidies	-	-	14,837,567	-	-	-	14,837,567
Public and Dental Health	7,737,894	193,120	361,502	49,643	808,752	27,538	9,178,449
Provincial Pharmacare Programs	1,094,802	550,125	34,105,182	3,605	-	-	35,753,714
Home Care and Support	12,633,624	2,169,623	909,522	100,908	82,406	32,742	15,928,825
Provincial Laboratory and Diagnostic Imaging	16,710,061	9,257,859	343,752	94,694	676,014	-	27,082,380
Provincial Hospital Pharmacies	4,120,996	200,066	34,914	8,303	-	11,579	4,375,858
Emergency Health Services	145,246	249	11,908,941	-	1,989,516	-	14,043,952
Corporate and Support Services	18,283,321	1,703,456	3,731,608	916,402	650,995	5,607	25,291,389
Medical Programs	84,798,825	220,830	2,069,774	3,790	44,853,671	-	131,946,890
Primary Care	6,422,522	284,700	557,115	42,817	61,342	121,988	7,490,484
	333,673,692	55,072,232	74,365,102	5,224,369	51,942,044	3,151,253	523,428,692

The total defined contribution pension expense reflected in the compensation expense is $13,864,259.

Expenses reported under Corporate and Support Services includes $3,891,755 in the Retirement Allowance expense related to all permanent employees and $5,923,822 in expenses related to the maintenance and operation of the Clinical Information System which is used by Community Hospitals and Acute Care.

NOTES

[i]Source: PEI Statistics Bureau, 2010 PEI Population Report

[ii]Sources: Statistics Canada and Canadian Institute for Health Information (CIHI) Health Indicators 2010

[iii]Source: CIHI Health Expenditure Trends, 1975-2010

[iv] Sources: PEI Statistics Bureau 2010 Population Report and Statistics Canada 2006 Census Data

[v]Sources: Prince Edward Island Health Trends 2010. Department of Health and Wellness (2010). Prepared by the Epidemiology Team; Statistics Canada and CIHI Health Indicators 2010; and Canadian Cancer Society, Canadian Cancer Statistics 2011

NOTE (A) – COMMUNITY MENTAL HEALTH

- East and West data does not include psychiatry services
- Data reflects number of services, and in some cases, distinct clients, as some individuals access more than one service
- Some data is drawn from ISM, and some from manual calculations kept at the site, given the varying reliability of the data as reported on ISM. Of the data drawn from ISM, some data cannot be validated as increased reliance on ISM in recent years, has meant less manual collection and therefore, no ability to validate or test the data. We have instituted a monthly data reporting system to gather consistent information across the province that can be tabulated and validated some data in ISM. The data for April and May 2011 will be available the first week of September.
- Does not include 'site unknown' data as reported on ISM

NOTE (B) – SPEECH LANGUAGE PATHOLOGY PROGRAM

During these years the data has been affected by the transition process of some Health PEI SLPs to Department of EECD

- The data was influenced by the transfer of kindergarten referrals to the Department of EECD. (2010/2011)

NOTE (C) – AUDIOLOGY PROGRAM

- 2010/11 referral data has been influenced by the inclusion of newborn infant hearing screening

NOTE (D) – IMMUNIZATION RATE

Pease note that the following may need to be taken into consideration:

- Children that received new personal health number (PHN) during this time period as per provincial adoption process;
- Children that may have received a duplicate personal health number (PHN).

NOTE (E) – PROVINCIAL DIABETES PROGRAM

- This value indicates total number of referrals to the program in the fiscal year, not appointment count or client count. It is calculated by adding the total number of new referrals and re-referrals for adult clients, the number of gestational / pregnant referrals plus the number of pediatric referrals

SOURCES

[6]Source: Human Resources, Corporate Development & Innovation (CDI), Health PEI

[7]Source: CDI and Medical Affairs, Health PEI

[8]Source: CIS & Cactus Databases, Provincial. Clinical Services, Health Information, Health PEI

[9]Source: Community Hospitals & Primary Care Division, Health PEI

[10,11]Source: Home-Based and Long-Term Care Division, Health PEI

[12]CIS Database, Health Information, Health PEI

[13]PEI Cancer Treatment Centre

[vi]Self-report data comes directly from the person (e.g., a survey) rather than another method of data collection (e.g., chart review).

[vii]Incidence refers to the number of new cases in a time period.

Health PEI

Prepared by: Strategy & Performance

Published by:
Health PEI
PO Box 2000
Charlottetown, PEI
Canada, C1A 7N8

November 2011

Printing:
Document Publishing Centre

Available online at:
www.healthpei.ca/annualreport2010-11

Printed in Prince Edward Island